

# Committee on Ways and Means

## Medicare Prescription Drug Benefit Off to a Strong Start *Costs Lower than Expected; Start Up Problems Being Addressed*

- The new Medicare drug benefit is off to a strong start. Since sign-up began last November, 7.2 million seniors have voluntarily signed up for the new drug benefit, either through stand-alone plans or integrated Medicare Advantage plans. Beneficiaries are signing up at a rate of 380,000 per week.
- More than two months into the new benefit, more than 27 million of our nation's Medicare beneficiaries are receiving help with their prescription costs, 24 million of those benefiting directly from the changes made in the *Medicare Modernization Act* (MMA, P.L. 108-173).
  - **Stand-alone Prescription Drug Plans:** 6.4 million.
  - **Medicare/Medicaid:** 5.8 million (with an additional 600,000 enrolled in Medicare Advantage plans).
  - **Medicare Advantage with Prescription Drugs:** 5.7 million
  - **Retiree coverage:** About 6.2 million retirees are in employer coverage that is subsidized by the Medicare retiree drug subsidy. Additionally, about 1.4 million retirees are in employer coverage that incorporates or supplements Medicare prescription drug coverage.
  - **TRICARE/ FEHB retirees:** 3.5 million (not receiving assistance from Medicare, but providing drug coverage to their retirees).
- Competition among plans is working. CMS has announced that the cost of the program is now expected to be 20 percent lower than previously estimated, reducing spending on Part D from an estimated \$38.1 billion to \$30.5 billion in 2006 alone.
- Beneficiary premiums are now expected to average \$25 per month, down from prior estimates of \$37 per month.
- The new drug program is filling more than one million prescriptions per day and helping beneficiaries gain access to the drugs they need at affordable prices. Recent reports show that the top 25 drugs purchased by seniors are experiencing discounts of 35 percent at retail pharmacies at 46 percent through mail-order.
- Despite these successes, many prefer to focus on the problems. As can be expected in the launch of a large new program, there have been some implementation challenges along the way. But HHS is working diligently to resolve problems as they arise.
- AARP CEO Bill Novelli had it right when he said recently, "With the Medicare drug program, more older Americans than ever before have access to affordable prescription drugs. The focus right now needs to be on helping people, not playing politics. Discouraging enrollment is a disservice to the millions who could be saving money on prescription drug bills."